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SUBJECT: CODEL NELSON MEETS WITH OPPOSITION LEADER EDUARDO MONTEALEGRE

Classified By: Ambassador Paul Trivelli for reasons 1.4 (b and d)

¶1. (C) Summary: Nicaraguan Liberal Alliance (ALN) leader Eduardo Montealegre advised Senator Nelson that President Ortega is struggling against competing interests within the Sandinista National Liberation Front (FSLN) and may find governing more difficult when he is unable to comply with his campaign promise of "zero unemployment," especially if promised Venezuelan assistance fails to materialize. To counter Venezuelan influence, Montealegre stated that regional powers such as Mexico and Colombia should become more active in regional policy development and promoting trade networks. He advised the USG to focus on "visible" assistance projects in addition to institutional development.

On the domestic side, Montealegre acknowledged that a unified opposition in the National Assembly would constitute the only effective barrier to Ortega's totalitarian ambitions, but that Liberal Constitutional Party (PLC) leader Arnoldo Aleman continues to be the primary obstacle to Liberal cooperation. End Summary.

¶2. (C) ALN leader Eduardo Montealegre received Codel Nelson and emboffs at his residence on February 18 to discuss the future of the Ortega administration and the role of the Nicaraguan opposition. Montealegre's brother-in-law and political supporter Donald McGregor also attended the meeting. (Comment: Montealegre's ALN controls 23 of 92 seats in the Nicaraguan National Assembly, and Montealegre won second place in a field of five presidential candidates last November. Montealegre is currently attempting to position himself as the leader of a unified opposition -- including the PLC and Sandinista Renovation Movement (MRS) -- with a majority of 51 votes. End Comment.)

¶3. (C) Senator Nelson asked Montealegre about his views on the future course of President Daniel Ortega, who has made overtures both to the United States and to extremist regimes in Iran and Venezuela. Montealegre responded that Ortega is pulled in different directions by factions within the FSLN, which include pro-U.S./free market groups (headed by his wife and chief of staff Rosario Murillo), as well as left-wing radicals urging him to form anti-U.S. alliances with Venezuela and Iran. He added, however, that vastly improved access to information through the internet would impede a regression to a repressive 1980s-style dictatorship.

¶4. (C) Montealegre opined that Ortega will find reconciling these interests and governing the country more difficult if he cannot make significant progress on his campaign promises

-- especially "zero unemployment." Montealegre noted that 120,000 new job seekers enter the market each year, the vast majority of whom will not find employment without private sector investment.

15. (C) In response to a question from Senator Nelson on how the USG can best counter growing Venezuelan influence in Nicaragua, Montealegre urged the USG to convince regional powers such as Mexico and Colombia to take a more active role in Central America regarding regional trade and policy development. In addition, Montealegre suggested that the U.S. focus more on "visible" assistance projects, such as schools and housing, to win the battle for Nicaraguans' hearts and minds. He specifically mentioned a project to provide corrugated zinc roofs for poor Nicaraguans, which he believes would generate considerable good will for a relatively low-cost expenditure.

16. (C) Domestically, Montealegre stated that the opposition-controlled National Assembly is "the key to moderating Ortega's totalitarian tendencies." He commented that ex-President, convicted money launderer, and PLC leader Arnoldo Aleman is the primary obstacle to Liberal unification. Despite the PLC's pressure to quickly achieve institutional unification (under Aleman's rules), Montealegre believes that a common legislative agenda between the two independent parties would build confidence and gradually reduce Aleman's influence.

17. (C) Later in the meeting, Senator Nelson asked Montealegre his opinion of USG policy towards Cuba, noting that older Cuban exiles tend to take a hard line regarding the trade embargo and flow of remittances, while the younger generation favors more openness. Montealegre commented that, in his opinion, the trade embargo has favored European and Canadian investors without hurting the Castro regime. Recounting his experiences returning to Nicaragua from exile in the early 1990s, Montealegre said that change must come from within Cuba, and the exiles must be prepared to work with those who stayed instead of thinking that they will "rescue" the country.

18. (U) Participants:

Nicaragua:

ALN President Eduardo Montealegre  
Donald McGregor

USG:

Senator Bill Nelson  
Mrs. Grace Nelson  
Ms. Caroline Tess  
Ms. Sherry Davich  
Captain Gene Moran  
Ambassador Paul Trivelli  
DCM Peter Brennan  
Polcouns Victoria Alvarado  
Poloff Timothy L. Smith, note taker  
Poloff Irene Marr, control officer

19. (U) This cable was cleared by Codel Nelson.  
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